

## SINKING INTEREST AND REDEMPTION (18)

### MISSION AND BUDGET SUMMARY

#### AGENCY MISSION:

The purpose of the Debt Service Fund is to meet the principal and interest of the bonded indebtedness of the City of Detroit.

#### AGENCY FINANCIAL SUMMARY:

<u>2002-03 Requested</u>		<u>2001-02 Budget</u>	<u>2002-03 Recommended</u>	<u>Increase (Decrease)</u>
	<u>Appropriations</u>			
	General Obligation Bonds:			
\$ 31,415,438	Interest	\$ 30,850,373	\$ 31,321,644	\$ 471,271
28,405,000	Principal	34,060,000	28,405,000	(5,655,000)
4,665,000	DDA Tax Increment Dist.	4,664,954	3,284,575	(1,380,379)
<u>1,380,000</u>	GM Tax Increment Dist.	<u>1,378,324</u>	<u>1,142,717</u>	<u>(235,607)</u>
\$ 65,865,438	Total Appropriations	\$ 70,953,651	\$ 64,153,936	\$ (6,799,715)
	<u>Revenues</u>			
\$ 58,140,438	Current Year's Property Tax	\$ 63,225,552	\$ 54,338,123	\$ (8,887,429)
	Prior Year's:			
3,900,000	Real Property Tax	3,914,000	5,935,000	2,021,000
135,000	Personal Property Tax	135,000	204,000	69,000
3,660,000	Industrial Facilities Tax	3,652,008	3,583,329	(68,679)
30,000	Neigh. Enterprise Zone Tax	26,542	93,035	66,493
-	Other Surpluses	<u>549</u>	<u>449</u>	<u>(100)</u>
\$ 65,865,438	Total Revenues	\$ 70,953,651	\$ 64,153,936	\$ (6,799,715)
-	NET TAX COST:	\$ 0	<u>0</u>	\$ 0
	Tax Levy Requirement	\$ 60,861,373	\$ 53,587,644	\$ (7,273,729)
	Delinquency Rate	8.75%	14.00%	5.25%
	Tax Rate (per \$1,000 valuation)	\$8.9437	\$7.9217	\$ (1.0220)

## **SINKING INTEREST AND REDEMPTION (18)**

### **ACTIVITY DESCRIPTION: BONDS AND INTEREST REDEMPTION**

Bond and interest redemption provides for the scheduled retirement of principal and interest on long-term City debt. This debt derives from general obligation bond sales. (The debt service on Enterprise Funds appears in the Enterprise Agency Sections.)

State law limits the amount of general obligation debt a city may have outstanding at one time. Generally, the limit requires such debt to be within ten percent of the assessed value (which includes certain assessed value equivalents for purposes of the formula) of all real and personal property in the city. Significant exclusions to or extensions of the debt limit are permitted for special assessment bonds, motor vehicle highway bonds, hospital bonds, certain mortgage and housing bonds and various other bonds for projects deemed necessary for abating pollution. The City's outstanding debt is currently within the limits prescribed by State law. After the effective date (December 22, 1978) of an amendment to the State Constitution, the City may not issue general obligation bonds payable from taxes levied for debt service without a vote of the electorate.

The Debt Management Section of the Finance Department (funded in the Accounting Operations Activity of Agency 23) is responsible for managing the general obligation debt, as well as that of other bonding and financing authorities which include the following:

- **The City of Detroit Building Authority**, established by the City for the purpose of financing and managing the construction of various publicly owned buildings, parking lots, recreational facilities and related sites to be leased to the City.
- **The City of Detroit Downtown Development Authority (DDA)**, established by the City to help halt property value deterioration and to promote economic growth in the downtown district.
- **The Greater Detroit Resource Recovery Authority (GDRRA)**, a separate governmental unit from the City, created by the cities of Detroit and Highland Park for the purpose of financing and supervising construction and operations of a waste-to-energy facility located in the City.
- **The Economic Development Corporation of the City of Detroit**, established for the purpose of assisting industrial and commercial enterprises in various endeavors which would benefit Detroit residents.
- **The City of Detroit Tax Increment Finance Authority**, established for the purpose of preparing development and tax increment financing plans in the City and associated with financing of the Central Industrial Park (GM) Project.
- **The Local Development Finance Authority**, established for the purpose of assisting in the financing of development projects in the City and associated with the City's Jefferson/Conner (Chrysler) Redevelopment Project.
- **The Detroit-Wayne Joint Building Authority**, established by a joint effort of the City and the County for the purpose of constructing and maintaining buildings that would serve both City and County residents.

**CITY OF DETROIT**  
**Non - Departmental**  
**Financial Detail by Appropriation and Organization**

<b>General Bond Redemption</b>	<b>2001-02 Redbook</b>		<b>2002-03 Dept Final Request</b>		<b>2002-03 Mayor's Budget Rec</b>	
	<b>FTE</b>	<b>AMOUNT</b>	<b>FTE</b>	<b>AMOUNT</b>	<b>FTE</b>	<b>AMOUNT</b>
<hr/>						
<i>APPROPRIATION</i>						
<i>ORGANIZATION</i>						
00212 - General Bond Redemption						
180010 - General Bond Redemption	0	\$64,910,373	0	\$59,820,438	0	\$59,726,644
	<hr/>		<hr/>		<hr/>	
<b>APPROPRIATION TOTAL</b>	<b>0</b>	<b>\$64,910,373</b>	<b>0</b>	<b>\$59,820,438</b>	<b>0</b>	<b>\$59,726,644</b>
00490 - Other Distributions						
180020 - D.D.A Tax Increment District	0	\$4,664,954	0	\$4,665,000	0	\$3,284,575
180030 - GM Tax Increment District	0	\$1,378,324	0	\$1,380,000	0	\$1,142,717
	<hr/>		<hr/>		<hr/>	
<b>APPROPRIATION TOTAL</b>	<b>0</b>	<b>\$6,043,278</b>	<b>0</b>	<b>\$6,045,000</b>	<b>0</b>	<b>\$4,427,292</b>
	<hr/>		<hr/>		<hr/>	
<b>ACTIVITY TOTAL</b>	<b>0</b>	<b>\$70,953,651</b>	<b>0</b>	<b>\$65,865,438</b>	<b>0</b>	<b>\$64,153,936</b>

**CITY OF DETROIT**  
**Budget Development for FY 2002 - 2003**  
**Appropriations - Summary Objects**

	<b>2001-02 Redbook</b>	<b>2002-03 Dept Final Request</b>	<b>2002-03 Mayor's Budget Rec</b>
<b>AC9918 - Bond Interest and Redemption</b>			
<i>A18000 - Debt Service</i>			
OTHEXPSSL - Other Expenses	6,043,278	6,045,000	4,427,292
FIXEDCHGSL - Fixed Charges	64,910,373	59,820,438	59,726,644
<i>A18000 - Debt Service</i>	<i>70,953,651</i>	<i>65,865,438</i>	<i>64,153,936</i>
<b>AC9918 - Bond Interest and Redemption</b>	<b>70,953,651</b>	<b>65,865,438</b>	<b>64,153,936</b>
<b>Grand Total</b>	<b>70,953,651</b>	<b>65,865,438</b>	<b>64,153,936</b>

**CITY OF DETROIT**  
**Budget Development for FY 2002 - 2003**  
**Appropriation Summary - Revenues**

	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2002-03</b>	<b>Variance</b>
	<b>Actuals</b>	<b>Redbook</b>	<b>Dept Final</b>	<b>Mayor's</b>	
			<b>Request</b>	<b>Budget Rec</b>	
<b>A18000 - Debt Service</b>					
<i>00212 - General Bond Redemption</i>					
401100 - Current Year Property	54,422,216	63,225,552	58,140,438	54,338,123	(8,887,429)
402100 - Prior Years Real Prope	3,627,897	3,914,000	3,900,000	5,935,000	2,021,000
402200 - Prior Years Pers Prope	203,896	135,000	135,000	204,000	69,000
407195 - Industrial Facilities Tax	3,351,280	3,652,008	3,660,000	3,583,329	(68,679)
407210 - Neigh Enterprise Zone	0	26,542	30,000	93,035	66,493
461100 - Earnings On Investmer	2,040,424	0	0	0	0
475130 - Other Surplus	39,421	549	0	449	(100)
<i>00212 - General Bond Redemption</i>	<i>63,685,134</i>	<i>70,953,651</i>	<i>65,865,438</i>	<i>64,153,936</i>	<i>(6,799,715)</i>
<b>A18000 - Debt Service</b>	<b>63,685,134</b>	<b>70,953,651</b>	<b>65,865,438</b>	<b>64,153,936</b>	<b>(6,799,715)</b>
<b>Grand Total</b>	<b>63,685,134</b>	<b>70,953,651</b>	<b>65,865,438</b>	<b>64,153,936</b>	<b>(6,799,715)</b>